

AT 1/5

REPRODUCED AT THE NATIONAL ARCHIVES

901551/901561

Robert W. Wagner, Jr.  
October 27, 1991

## I. Reconciliation - Initial Assessment

### A. Tribal Accounts

#### 1. Main Problems

- 4
- Tribal accounting documents are commingled with appropriated fund accounting documents. This makes it difficult to organize and use the records. About 35% of the contents of these boxes may contain tribal accounting information.
  - 69,000 boxes of documents have been identified of which 11,000 may contain tribal trust records.
  - There are gaps in the trust accounting records.
  - Tribal IIM and Special Deposit accounts are maintained in the field offices. (Accuracy of the realty records, and difficulty in reconciling the IIM and special deposit accounts are concerns.)

#### 2. Suggested Approach

- Because of the problems mentioned above AA would like to trace transactions from source documents to the general ledger rather than from the general ledger to source documents.
- AA can build a data base from BIA's automated and manual general ledger records. This will facilitate tracing source transactions to the general ledger.
- If AA traces only transactions of \$5,000 or more to the GL they will be able to provide coverage of 98% of the tribal trust fund balance. (This represents only 22% of the transactions.)
- Some of the work could be done more efficiently if it is performed by non-professionals.
- AA's cost estimate is \$9 million for doing the 37 tribes and \$4 million to do all 254 tribes. Significant results could be obtained by the summer of 1992.

WNRC, RG 411

A/N 97-108

Box 1, 2-3-92 file

Barbara Carver  
10/28/91

between  
doublet  
1 single  
plus at  
top of each

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**B. Individual Indian Money (IIM) Accounts (3 locations)**

**1. Main Problems Arthur Andersen Encountered**

- Reconciliation of Special Deposit Accounts is a difficult and time consuming process. (There are over \_\_\_\_\_ special deposit accounts at these 3 agencies.) These accounts must be done before the IIM accounts can be reconciled.
  - The accuracy of BIA's realty records is a concern (AA doesn't know the magnitude of this problem.)
  - Each of the 3 Agency Offices uses a different approach for processing revenue distributions to IIM accounts. Maintenance of land (allotment) ownership records is handled differently at each location.
  - There are substantial gaps in IIM accounting records.
  - Cost estimates for doing the work at 3 locations is @ \$12.6 million under the original approach and @ \$7.4 million under AA's suggested approach.
- 2. AA is unsure what it will take to completely reconcile the IIM accounts and wants to get more information.**

**C. GAO Comments**

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## II. Status - Strategic Trust Fund Financial Management Plan

### A. **BIA's Strategic Approach**

1. Contains 6 sections. The first 2 segments are filler. The last 4 segments are premature. Only segment 3 has any real value. BIA assumes it needs a new trust fund system, but has not done the work to support this. (It is possible that fixes to the current system will be enough.)

(Ben Mathies, a retired CPA, stated it very succinctly - first, determine what ought to be done and then, assess what is being done. Only after these two things are done can BIA fix its problems.)

*L. J. Mathies how to*

2. BIA should focus on: (a) Organization, (b) staffing, and (c) trust fund accounting and reporting process.
3. Too Much Too Soon - BIA is trying to run before it can walk.

### B. **Importance of Proper Implementation of the CFO Act**

1. The CFO Act (specifically) and financial management in general are not being discussed at BIA Reorganization Meetings
2. BIA Seems Intent on Maintaining the Status Quo. (Having Linda Richardson (budget officer) act as CFO for the Bureau.
3. The ITMA sees the fallacy in BIA's maintaining the status quo. They seem to have a better handle on what needs to be done than BIA does.

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### III. Documents for Steve Richardson

- A. BIA A-76 Report
- B. 1984 Price Waterhouse "Draft" Report
- C. MMS Internal Study - Oil and Gas Royalty Improvement
- D. Arthur Andersen - Initial Assessment (big package)
- E. BIA "Draft" Strategic Approach